

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines ISSUED BY STATE BOARD OF ACCOUNTS

Volume 155

September 2001

ITEMS TO REMEMBER

Per Volume 154, June 2001 "The School Administrator and Uniform Compliance Guidelines", August 31 is the last date for the first publication of a school corporation budget (10 days prior to the public hearing). (IC 6-1.1-17-3)

SEPTEMBER

- September 1: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)
- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- September 3: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 7: Last date for second publication of school corporation budgets (3 days before the public hearing). (IC 5-3-1-2)
- September 10: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. (IC 6-1.1-17-5)
- September 14: The A.D.M. count shall be taken.
- September 20: Last date to file budgets with County Auditor at least two (2) days prior to the first meeting of the County Board of Tax Adjustment if applicable. (IC 6-1.1-17-5)
- September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of The School Administrator and Uniform Compliance Guidelines.®)

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 155, Page 2

September 2001

ITEMS TO REMEMBER

(Continued)

- September 20: Last date for meeting of School Board to make appropriations for 2002 and to fix tax levies. (IC 6-1.1-17-5) Also last date to conduct a public hearing and to pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (IC 21-2-11.5 and IC 21-2-15)
- September 22: Meeting of County Tax Adjustment Board is September 22, 2001. If September 22 is not a business day, then the last date for the first meeting is the first business day following September 22. (IC 6-1.1-29-4)
- September 28: A.D.M. report due. (511 IAC 1-3-2)
- September 10-
September 28: The A.D.A. count shall be taken between these dates.

OCTOBER

- October 1: On or before this date all duties of the County Board of Tax Adjustment must be completed, except for a consolidated city and county and in a county containing a second class city, these duties need not be completed until November 1. (IC 6-1.1-17-9) IC 6-1.1-17-12 provides for a notice procedure by the county auditor and an appeal procedure.
- October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.
- October 8: Legal Holiday - Columbus Day. (IC 1-1-9-1)
- October 12: Form 30B, Report of A.D.A for State Support is due in the Department of Education, Division of School Finance.
- October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of *The School Administrator and Uniform Compliance Guidelines*.)
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 155, Page 3

September 2001

ITEMS TO REMEMBER

(Continued)

NOVEMBER

- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 12: Legal Holiday – Veterans' Day. (IC 1-1-9-1)
- November 22: Legal Holiday - Thanksgiving Day. (IC 1-1-9-1)
- November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses of each person who has money due from the School Corporation to the County Treasurer. (IC 6-1.1-22-14)

ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUALS – UPDATES

The availability of technology at school corporations and individual school buildings creates the opportunity for us to provide current year updates for the Accounting and Uniform Compliance Guidelines Manuals for Indiana Public School Corporations and Extra-Curricular Accounts via the State Board of Accounts Web Site at <http://www.in.gov/sboa/>. The updates will be posted as soon as available in September. Printed copies will no longer be created for mailing. A limited number of disks are available on written request. We are hopeful we will be able to use the opportunity to provide better service to you by having the updates accessible via the Internet.

Additionally, Volume 156, December 2001, will be the last anticipated printed version of "The School Administrator". We are requesting that you forward as soon as possible your name, title, school corporation and/or building name, and e-mail address. We will add you to an electronic mail address data base intended to be created as soon as technically possible so that you may receive "The School Administrator" and manual updates when available. Please note if you do not provide us with an e-mail address, you will need to access our web site for manual updates, bulletins, etc.

TEACHER RETIREMENT FUND DEDUCTIONS

IC 5-10.2-3-2 states in part (a) "Subject to IC 5-10.2-2-1.5, as used in this section, 'compensation' means: (1) the basic salary earned by and paid to the member; plus (2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code." (b) "Except in cases where the contribution is made on behalf of the member, each member shall, as a condition of employment, contribute to the fund three percent (3%) of his compensation." (c) "A member of a fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection (d)."

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 155, Page 4

September 2001

IC 5-10.2-3-3 states in part (a) "Members' contributions, other than members' contributions paid on behalf of a member, shall be deducted from their compensation even if the net compensation to the member is less than the statutory minimum." and (b) "The payment of a member's compensation minus the deduction constitutes a complete discharge of all claims for services rendered by the member during the period covered by the payment, except the claim for benefits under this article."

IC 5-10.2-4-3(c) concerning the contributions for the teachers retirement fund provides in part "Subject to IC 5-10.2-2-1.5 "annual compensation" means the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for: (1) . . . a school corporation's, . . . paying the member's contribution to the fund for the member; or (2) the member's salary reduction agreement established under Section 25, 403(b), or 457 of the Internal Revenue Code." and (d) "Compensation of no more than two thousand dollars (\$2,000) received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave, may be included in the total annual compensation . . ."

The State Board of Accounts will not take audit exception if the contributions are made and reported to the fund as the payroll is made. All deductions for the regular teachers contract do not have to be made prior to June 30. If teachers are paid during July and August, the applicable checks may be written in July and August and the necessary deduction for teacher retirement made at that time. These amounts would be reported on and remitted with the applicable reports along with amounts deducted from summer school contracts and the beginning of the regular contracts for the succeeding school year. Accounting for the teacher's earnings on a contract basis is still required. All payments of salary and wages must be identified on the accounting records so they may be associated with a particular contract.

Retiring teachers may wish to have all payments related to their regular contract, for the fiscal year of employment, paid and reported prior to June 30 for retirement benefit purposes. Service on the contract must have been completed prior to payment and June 30.

PUBLIC EMPLOYEES RETIREMENT FUND CONTRIBUTIONS (PERF)

We have received the following information from PERF in regards to Public Law 246, 2001.

"Re: Voluntary Contributions to Your Annuity Savings Account

Dear Member:

Your retirement benefit from the Public Employees' Retirement Fund (PERF) consists of two components: (1) the pension portion and (2) your annuity savings account. The pension portion of your retirement benefit is funded by contributions made by your employer over the course of your career and is not part of the annuity savings account. The annuity savings account consists of contributions (3%) that you make (or are made by your employer on your behalf) to the Fund, plus interest credits or earnings. Traditionally, the contribution to your annuity savings account has been set at a mandatory rate of three percent (3%) of your compensation. [Indiana Code, Section 5-10.2-3-2(b)].

During the 2001 Legislative Session, the Indiana General Assembly enacted a provision that allows you to make voluntary contributions in addition to the mandatory three percent (3%) contributions. You may contribute up to an additional ten percent (10%) of your compensation per pay period to your annuity savings account. This means that the maximum level of contributions to your annuity savings account under this new provision is thirteen percent (13%) of your compensation per pay period.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 155, Page 5

September 2001

How will the voluntary contributions be invested?

All voluntary contributions to the annuity savings account will be invested in the same manner and percentage as your annuity savings account monies are currently invested. You cannot separate the mandatory and voluntary contributions for investment purposes. For example, if you have all of your annuity savings account in the Guaranteed Fund, your voluntary contributions would be invested there as well. If you have a 50%-50% split between two investment options, that same split will apply to your voluntary contributions. The election you make will automatically apply to voluntary contributions. Specific rules apply to the investment of your annuity savings account. These rules are explained in our booklet entitled, 'Investing Your Annuity Savings Account.' If you have questions about investments, please visit our home page on the World Wide Web at: <http://www.state.in.us/perf> or contact us at our toll-free number at (888) 526-1687."

Please call PERF with all questions.

MONEY RECEIVED FOR INSURANCE COVERED DAMAGES

IC 6-1.1-18-7 states in part "... the appropriating body of a political subdivision may appropriate funds received from an insurance company if ... the funds are received as a result of damage to property of the political subdivision and ... the funds are appropriated for the purpose of repairing or replacing the damaged property. However, this section applies only if the funds are in fact expended to repair or replace the property within the twelve (12) month period after they are received. The State Board of Accounts is of the audit position these funds are considered appropriated at the time the governing body allows the claims for payment of the expense of repair or replacement.

EXTRA-CURRICULAR ACCOUNT INVESTMENTS

(Please provide a copy of all extra-curricular articles to each school building.)

IC 20-5-7-4 concerning the school extra-curricular account provides in part (b) "The money in the school extra-curricular account may be invested under the conditions specified in IC 5-13-10 and 5-13-10.5 for investment of state money. However, investments under this section are at the discretion of the principal. The interest earned from any investment may be credited to the school extra-curricular account and need not be credited proportionately to each separate extra-curricular fund. The interest earned from the investment may be used for: (1) any school purpose approved by the principal; or (2) an extra-curricular purpose approved by the principal.

Amounts expended under this section for the purposes described in this section (1) are in addition to the appropriation under IC 20-5-2-2(2.5)."

The State Board of Accounts is of the audit position that for accounting purposes a necessity exists to establish an Investment Income Fund in the Extra-Curricular Account records to which any earnings may be receipted and from which expenditures are made. A dual control will also be necessary to be kept instead of the usual single control for the Extra-Curricular Account. One control will be used to record the transactions of the checking account, and another will be used to account for the investment from the total monies on deposit. The balances of these two controls when added together must equal the total of the balances of all the individual extra-curricular funds at all times.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 155, Page 6

September 2001

Purchases of equipment and other items which become part of the school facilities, educational supplies, and other items which may be purchased from the stated funds are the direct responsibility of the school corporation's governing board. Therefore, the specific equipment type items must be approved by the board before being purchased from the Investment Income Fund.

Since the Board of School Trustees (or other governing board) is the employing authority in a school corporation and IC 20-5-7-5 does provide in part concerning extra-curricular expenditures, "... shall be subject to review by the local school board", the school board should have a policy for all buildings concerning whether investments should be by fund or with an Investment Income Fund as provided herein.

GOVERNING BODY TERM OF OFFICE

IC 20-5-3-3 states in part "Except as provided in subdivision (b), the governing body of each school corporation shall determine whether the term of office for its members is to extend from January 1 to December 31 or from July 1 to June 30. Any governing body making a change in the commencement date of its members' terms shall report the change to the Indiana state board of education before August 1 preceding the year in which the change takes place. An ex officio member of a governing body shall take the oath of the office by virtue of which he is entitled to become such ex officio member."

SPECIAL EDUCATION PRESCHOOL

Special Education Preschool, Fund 060, receives both property tax distributions, and State distributions. The State Distributions will be posted to receipt account 3284, Special Education Preschool and the local property tax distributions will be receipted to 1110. Expenditures will be posted to expenditures account 12810.

Corporations acting as a Local Education Agency (LEA) will receipt in accordance with the aforementioned. Distribution to the Special Education Cooperative will be through 43100 and 9000, Transfers From One Fund to Another.

HEALTH SERVICE FEES

The Attorney General of the State of Indiana on June 15, 2001 issued Official Opinion 2001-4 concerning "Health Service Fees". The conclusion of Official Opinion 2001-4 states "Indiana Constitution Article 8 § 1 and the Indiana General Assembly provide for 'Common school systems wherein tuition shall be without charge.' Also, the General Assembly has provided for funding of schools and a method for calculating tuition. Health services, because they include instruction and education are tuition. Therefore, a school corporation may not charge a separate fee for health services."

EXTRA-CURRICULAR FORMS SA-1 AND SA-7

Please note the Extra-Curricular Forms SA-1 and SA-7 have been modified in accordance with changes provided by Public Law 68, of the Acts of 2001. The claimant signature is no longer required. However, the treasurer is required to audit and certify before payment that the invoice or bill is true and correct. Existing supplies of form SA-1 and SA-7s may be used if the required certifications and signatures as provided on the modified forms are on the forms used.